

Message Text

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SUBJ: INAUGURATION OF DAKAR FREE TRADE ZONE

REF: A) 74-DAKAR A-76, B) 75-DAKAR 3161

1. SENEGALESE PRIME MINISTER ABDOU DIOUF OFFICIALLY INAUGURATED DAKAR FREE TRADE ZONE MARCH 12. OBJECTIVES OF ZONE ARE TO ATTRACT MANUFACTURING INVESTMENT WHICH WILL PROVIDE JOBS, TRAINING AND EXPORT REVENUES. FIRST FACTORY TO LOCATE IN ZONE IS PARTIALLY OWNED BY MATERIALS SYSTEMS HANDLING CORP OF ESCONDIDO, CALIF.

2. STATUTE OF ZONE REQUIRES MINIMUM INVESTMENT OF CFA 200 MILLION (\$800,000) CREATING POSITIONS FOR AT LEAST 150 NATIONALS. PRODUCTION IS FOR EXPORT ONLY. CONCESSIONS INCLUDE 25 YEAR UNRESTRICTED PROFIT REMITTANCE, EXEMPTION FROM IMPORT-EXPORT AND BUSINESS TAXES AND FEES. ENTERPRISES NEED ONLY PAY TAXES ON EMPLOYEE SALARIES, UTILITY CHARGES, AND LEASE. EXPORTS FROM ZONE ENJOY PREFERENTIAL ACCESS TO CEAO AND EC MARKETS, AND ELIGIBLE PRODUCTS WOULD ENJOY SIMILAR ACCESS TO U.S.WT MARKET UNDER GSP. SPECIAL ENTITY KNOWN AS SAPROZI HAS BEEN CREATED TO OBTAIN ALL NECESSARY GOVERNMENT APPROVALS FOR FIRMS SEEKING TO LOCATE IN ZONE. SENEGALESE AUTHORITIES ARE COUNTING ON SENEGAL'S LOCATION, CLIMATE, TRANSPORT-COMMUNICATIONS LINKS, RESPONSIBLE TRADE UNIONS AND REPUTATION FOR STABILITY TO ATTRACT INVESTMENT AND COMPETE WITH SIMILAR ZONES LOCATED ELSEWHERE.

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3. FIRST AND THUS FAR ONLY OPERATING FACTORY IN ZONE IS

MASYDA (MATERIAUX SYNTHESES DE DAKAR) OWNED BY GROUP INCLUDING MATERIEL SYSTEMS CORP OF CALIFORNIA (40 PERCENT), FRENCH ARCHITECTURAL FIRM KNOWN AS ASCHER (40 PERCENT), TRIAD HOLDING COMPANY (8 PERCENT) AND OTHERS. FACTORY WAS MADE POSSIBLE BY A \$6 MILLION LOAN FROM CONSORTIUM LED BY BANQUE ARABE POUR L'INVESTISSEMENT AND SENEGAL-KIWAITI BANK, GUARANTEED BY GOS. DECISIVE FACTORS IN MASYDA LOCATION DAKAR FREE TRADE ZONE WAS GOS LOAN GUARANTEE, 25 YEAR TAX EXEMPTION, AND AGREEMENT WITH FRENCH GOVERNMENT TO PURCHASE OUTPUT OVER FIRST FEW YEARS. MASYDA WILL HAVE FOUR LINES PRODUCING LAMINATED FIBREGLASS RESIN BUILDING PANELS. MATERIALS SYSTEMS REP VOLZ. TOLD EMBOFFS THAT HIS COMPANY HAD INVESTED OVER \$20 MILLION IN TECHNOLOGY BEING USED BY MASYDA AND LOCAL FACTORY COST \$1,500,000 TO CONSTRUCT AND EQUIP.

4. GOS HAS OTHER FACTORIES UNDER DISCUSSION WITH EUROPEAN INVESTORS, INCLUDING PRODUCTIO COF AUDIO-VISUAL EQUIPMENT, ELECTRONIC PRODUCTS, AND PHOSPHORIC ACID. OFFICIAL INVESTMENT MISSIONS HAVE GONE TO MOST EUROPEAN CAPITALS AND MAY BE SENT TO THE U.S. DURING 1976.

5. DAKAR INDUSTRIAL ZONE OFFICIALS ARE PRESSING FOR EARLY OPENING OF 3 PLANTS ALREADY APPROVED IN HOPES OF BUILDING MOMENTUM SUFFICIENT TO FILL 60 HZ. SITE. U.S. FIRMS SEEKING AFRICAN MANUFACTURING BASE SHOULD CONSIDER ECONOMICS OF DAKAR SITE.
AGGREY

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